

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6801**

**BILL NUMBER:** HB 1209

**DATE PREPARED:** Dec 23, 1998

**BILL AMENDED:**

**SUBJECT:** Allocation of court fees and judgments.

**FISCAL ANALYST:** Susan Preble

**PHONE NUMBER:** 232-9867

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill has the following provisions:

(A): It makes the following changes to the distribution of criminal costs fees, infraction or ordinance violation costs fees, civil costs fees, small claims costs fees, and deferred prosecution fees: (1) Reduces from 55% to 45% the percentage of the fees that the clerk of a city or town court semiannually distributes to the auditor of state as the state share. (2) Increases from 25% to 35% the percentage of the fees that the city or town fiscal officer retains as the city or town share.

(B): It provides that \$5 of each \$25 fine imposed by a city or town court for a safety belt violation or other Class D infraction is to be retained by the political division entering the judgment.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** Provision A: Because the effective date of this bill is July 1, 1999, and court cost revenue is distributed semiannually (on June 30 and December 31), the first distribution of court cost revenue under the new percentages will be made on December 31, 1999 (in the middle of FY 2000). The state measures revenue and expenditures by fiscal years (July 1- June 30), and local units of government use the calendar year (January 1-December 31). It is estimated that passage of this bill will decrease revenue to the state General Fund by an estimated \$723,175 in FY 2000 and \$1,518,668 in FY 2001 by decreasing the percentage of court cost revenue collected by city and town courts that is distributed to the state General Fund from 55% to 45%.

The table in the Explanation of Local Revenues below illustrates the revenue difference that results from changing the percentages by which court cost revenue collected by city and town courts is distributed

between the state, counties and cities and towns. The FY 2000 revenue loss is calculated by dividing the CY 2000 difference in revenue figure from the table in half to reflect the first six months of FY 2000 [ $\$1,446,351/2 = \$723,175$ ]. The FY 2001 revenue loss is calculated by dividing the CY 2000 figure in half to reflect the first six months of FY 2001 and adding it to half of the CY 2001 figure to reflect the last six months of FY 2001 [ $\$1,446,351/2 + \$1,590,986/2 = \$1,518,668$ ].

Provision B: Three statutory references refer to Class D infractions, but only seat belt violations have registered fine revenue in recent years. The number of seat belt violations varies widely year to year, but experience indicates that the majority of fines are the maximum of \$25. Based on a three-year average (CY 95-97) of 38,800 guilty verdicts, approximately \$970,000 is estimated to be deposited annually to the state General Fund due to seat belt fines. (A total of \$10.6 M in Class A-D infraction judgments was deposited in FY 97; judgment classes are not accounted for separately.)

The future loss of revenue to the state General Fund due to this bill will vary according to the annual number of guilty verdicts for seat belt violations. The estimated annual loss in revenue will be about \$194,000.

#### **Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Provision A: It is estimated that this provision will increase city and town general funds by an estimated \$1,446,351 in CY 2000 and \$1,590,987 in CY 2001 by increasing the percentage of court cost revenue collected by city and town courts that is distributed to the city or town general funds from 25% to 35%.

In 1997, city and town courts collected \$10,866,653 in court costs. Of this amount, \$5,954,805 was distributed to the state general fund, \$2,188,506 to county general funds, and \$2,723,342 to city or town general funds. (The actual distribution percentages of 1997 court cost revenue were as follows: 54.80% to the state, 20.14% to the counties and 25.06% to cities and towns.)

The most recent data on filings and court cost revenue is from CY 1997. Because court costs for infractions, ordinance violations and small claims actions increased effective July 1, 1997, any future revenue projections should take into account the impact of the court cost increases. Also effective July 1, 1997, the distribution of court costs collected through city and town courts was changed to: 55% to the state, 20% to the county, and 25% to the city or town. If future filings remain the same as in CY 1997, the court cost increases will raise revenue collected by city and town courts by an estimated 10% per year.

Because the effective date of this bill is July 1, 1999, and court cost revenue is distributed semiannually (on June 30 and December 31), the first distribution of court cost revenue under the new percentages will be made on December 31, 1999. If court cost revenue collected by city and town courts increases 10% each year, the total revenue is estimated to be \$14,463,515 in CY 2000 and \$15,909,866 in CY 2001.

As the table below illustrates, by changing the distribution percentages to: 45% for the state, and 35% for the city or town (the county percentage remains the same at 20%), the city and town revenue will increase by \$1,446,351 in CY 2000 and \$1,590,987 in CY 2001.

		Est. CY 2000 Revenue	Est. CY 2001 Revenue
<b>Actual CY 97 Revenue &amp; Distribution</b>			

		<b>current distribution</b>	<b>proposed distribution</b>	<b>current distribution</b>	<b>proposed distribution</b>
<b>State General Fund</b>	\$5,954,805	\$7,954,933 (55%)	\$6,508,582 (45%)	\$8,750,426 (55%)	\$7,159,440 (45%)
<b>County general fund</b>	\$2,188,506	\$2,892,703 (20%)	\$2,892,703 (20%)	\$3,181,973 (20%)	\$3,181,973 (20%)
<b>City/town general fund</b>	\$2,723,342	\$3,615,879 (25%)	\$5,062,230 (35%)	\$3,977,467 (25%)	\$5,568,453 (35%)
<b>Total</b>	\$10,866,653	\$14,463,515		\$15,909,866	

Additional information is available upon request at the Legislative Services Agency.

Provision B: Unit revenues will vary depending on courts and annual variations of violations. Based on a three-year average, approximately \$194,000 in seat belt fines may be expected to be deposited statewide to county, city or town general funds based on judgments of the presiding courts of these entities.

**State Agencies Affected:**

**Local Agencies Affected:** Courts; clerks.

**Information Sources:** 1997 *Indiana Judicial Report*; Mary Deprez, Bureau of Motor Vehicles, (317) 232-2806; Auditor's Trial Balance, June 30, 1997; *Indiana Handbook of Taxes, Revenues, and Appropriations* (FY 1997), p. 124.